for Jammu and Kashmir. Is this the reply we are expecting?

SHRI S.B. CHAVAN: I will look into it. I canot say anything right now.

SHRI SANTAN BISI: I have got the reply with me. Further, in reply to my Unstarred Question, he has not denied what he has stated. (*Interruptions*) The Minister has not made a statement to that effect. These are the things which should have been covered. (*Interruptions*)

THE VICE-CHAIRMAN (SHRI V. NARAYANASAMY): Okay. The Minister has said that he would verify that. Now, we will take up the Half-an-Hour discussion. (*Interruptions*)

SHRI SIKANDER BAKTH: Sir, I would like to know what the other business is that the House has to take up. We have got to go. We have got some appointments. Therefore, kindly tell us what business we are going to take up. Let us know the business. What is the Business that the House has before it?

THE VICE-CHAIRMAN (SHRI V. NARAYANASAMY): Now, we have the Sick Textile Undertakings (Nationalisation Amendment Bill, 1995 before us. We will take that up and some more Bills have come. (*Interruptions*) Then there are some small Bills. Now, Shri Dipankar Mukherjee. I would like to make it clear that the hon. Finance Minister will reply to him in the next Session. Therefore, we will take this up.

HALF-AN-HOUR DISCUSSION

On Points arising out of replies to unstarred Q. Nos. 6964 and 7766 of 23rd and 30th May, 1995 regarding sanction of loans to M/s. M.S. Shoes Ltd.

SHRI DIPANKAR MUKHERJEE (WEST BENGAL): Mr. Vice-Chairman, Sir, firstly, I am grateful to the Chairman who has permitted this Half-an-Hour Discussion. (*Interruptions*) As a matter of fact, why am I having this discussion? The hon. Finance Minister had told me that he would not be in a position to be present in the House and I left it to his discretion to decide whether he should be present in the House or not. In spite of that I wanted to initiate this discussion. The reason is that I have been pursuing the issue of sanction of bridge loans to M/s M.S. Shoes from April onwards. (Interruption).

One of the specific reasons given by the Finance Ministry as to why my queries could not be replied was that this was secret under some clause, which I do not want to quote right now. I was told that it was secret. Now, that veil of secrecy under which a mini-Scam was being...(*Interruptions*)

THE VICE-CHAIRMAN (SHRI V. NARAYANASAMY): Dipankar Ji, will you yield for a minute? If the House agrees, I will request Shri Shankar Dayal Singh to take the Chair. I will come back within five minutes.

THE VICE-CHAIRMAN (SHRI SHANKAR DAYAL SINGH) IN THE CHAIR SHRI DIPANKAR MUKHERJEE: Sir, on 31st March I got a letter from the hon. Finance Minister werein, in connection with some loans, some working capital to a public sector undertaking, the Finance Minister had written to me, and I quote: "The Banks, as purveyors of credit, disburse largely out of the savings of the public, mobilised by them, and should be free to decline credit." I just emphasise the point — "largely out of the savings of the public, mobilised by then." And then again he writes, "Since banks, as custodians of savings of depositors..." these are the two things which are specified.

"Custodians of savings of depositors and purveyors of the credit disbursed out of the savings largely mobilised by them." As a representative of the public in this Parliament, I regret to say that I have been deprived of the informations from the Finance Ministry under the veil

of secrecy for the last three months, on one plea or another. The first information which I gave to the Finance Minister who had, otherwise, been in correspondence with me on various subjects and I am grateful to him;—since he is not here, I will say 'Finance Ministry'; on various issues the Finance Ministry has been replying to me, but—on this particular issue, which I raised on 15th of April, suddenly he was silent. Excepting for acknowledgement of letters, the issue was not at all replied to. I wrote three letters to the Finance Minister on this issue and then I started asking questions, and regarding these questions, Mr. Vice-Chairman, I won't say anything; I will just quote from these questions and answers and then the story will be out, how in a planned way something is being covered up, what the issue involved is. The issue involved is the bridge loans given by the banks, out of which two public sector banks and another financial institution are involved in the M.S. Shoes Ltd. scam.

So far as M.S. Shoes Ltd. is concerned, the whole House is quite aware of the scam, I mean, share-rigging, price-rigging, and all that which was wrong with the share issues is known to the House.

The first question that I put on the 23rd of May was "Whether it is a fact that share prices of M.S. Shoes Ltd. were artifically rigged before the last public issue." The Answer was: "M.S. Shoes had apparently been involved in manipulation of the market price of its shares and mis-statement or non-disclosure of material facts related to prevailsing market price of its shares. In this connection, SEBI had issued Show Cause Notices to the company." This was the answer received from the Ministry of Finance.

Sir, as I said, the issue price of M.S. Shoes Ltd. was rigged. The Finance Ministry had also agreed.

Now, my next questions were: "Whether five banks, including two public sector banks, were involved in granting bridge loans to the extent of such and such amount against the above public issues; if so, what securities were obtained by them and what promoted them to grant such loans." On 23rd May, 1954 the Finance Ministry replied: "The information is being collected and will be laid on the Table of the House." This was on 23rd of May. On 30th there was change. The samething I had asked on the same issues, the total amount of bridge loans allowed by banks to M.S. Shoes, banks-wise. To these three questions, the reply on the 30th May, just after seven days, was: "In correpodence with the practices and usages customary amongst banks and in conformity with provisions of statutes governing public sector banks and financial institutions as also the provisions of the Public Financial Institutions Act, 1993, the information relating to individual cannot be divulged." On 23rd May, it was said, "Informations are being collected.' And on 30th May it was said, "These informations cannot be divulged." Now, what is being hidden? Sir, I wrote to the Finance Minister again on June 8. I said; "In spite of the fact that several irregularities, it is a question of policy-matter and the above policy-matter cannot come under the veil of secrecy." There was no reply! There was no reply, and then again on 3rd of July I came out with the following charges and again wrote to the Finance Minister. I said, "Bridge, loans of Rs. 100 crores were allowed...*(Interruptions)*...

SHRI SARADA MOHANTY: Sir, it is a very important matter and there is no Cabinent Minister in the House!

SHRI DIPANKAR MUKHERJEE: I won't mind if everybody is gone out of the House. My objection is that this is not a secret matter. Whether the Finance Minister is there or not,...

श्री शारदा महन्ती: महोदय, मैं आपका ध्यान दिलाना चाहता हूं कि यहां कोई कैबिनेट रैंक का मिनिस्टर नहीं है। केवल स्टेट मिनिस्टर बैठे हुए हैं।.....**(व्यवधान)**

उपसभाअध्यक्ष (श्री शंकर दयाल सिंह): शारदा महन्ती जी ने यह ध्यान आपका दिलाया है कि कोई कैबिनेट रैंक के मंत्री सदन में नहीं हैं। दो स्टेट मिनिस्टर हैं, एक चतुर्वेदी जी ओर दूसरी मैडम।

श्री जगदीश प्रसाद माथुर: बिल्कुल ठीक बात है।

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRIMATI MARGARET ALVA): Sir, the Ministers of State are as good as the Cabinet Ministers.

उपसभाध्यक्ष (श्री शंकर दयाल सिंह): ठीक है, चलिए। माननीय दीपांकर जी, चलिए। ...**(व्यवधान)**

Shri Venkat Swamy has come.

श्री दीपांकर मुखर्जी: वाइस चेयरमैन साहब, सवाल सवा करोड़ रुपये का है।...**(व्यवधान)**

THE VICE-CHAIRMAN (SHRI SHANKAR DAYAL SINGH): Now you can continue.

श्री दीपांकर मुखर्जी: नहीं आपने जो बताया। आप मुझे बताइये। इसीलिए मैंने इशारा किया दोस्त क्या बोले स्टेट मिनिस्टर हैं, सवाल सौ करोड़ का है, माथुर साहब, इसके लिए क्यों कैबिनेट मिनिस्टर को आप डिस्टर्ब कर रहे है। No one is distrubed. Why should anyone's sleep be distrubed on this? This is not an issue. For the last three months I have been telling this Government about this Rs. 150 crores scam. No one is bothered. Why should un-necessarily the other Ministers here bother? The Finance Minister did not have the time. This is not an issue. This Rs. 150 crores is nothing for this Government. तो यह जब मैंने इनको लिखा, मैंने चार्ज किया स्पेफिकली कि 100 करोड़, इलाहाबाद बैंक ने 20 करोड़ दिया and other things. There is no contradiction. There is no rejoinder stating that this is not correct, what I am saying is all wrong. This went on. In the same matter,

I have quoted from the document of the Reserve Bank of India. What did the Reserve Bank of India say with regard to the Rs. 20-crore bridge loan from Allahabad Bank to M/s. M.S. Shoes Ltd.? This is an observation by the Reserve Bank of India and I quote:

> "Due to laxity on the part of the Bank in ensuring the end-use of the funds, the relative amounts were diverted to the company's sister concern's accounts, wherefrom this was subsequently passed on to certain stock-brokers.

To certain stockbrokers, for what? For rigging the share prices. The RBI had also charged the bank with contravention of and non-adherence to the RBI guidelines. Now what is this? This is the repetition of what had happened three years back in 1992, the security scam, the JPC and all that. The same thing has happened. The money from the bank was used for artifically raising the share prices. The money through the banks go to some other agencies, to the stockbrokers. The public money is being invested, is being used, for raising the share prices. Who has been cheated? The common people who have invested there. The whole issue failed. I asked the Finance Minister, "What has happened to the money?" He was so bothered; he was so worried. He was so worried about this non-recoverable, non-performing advances, this loan which cannot be recovered. Has this loan of Rs. 150 crores be become sticky? No answer. What has happened to this? How was this loan issued? In the case of Allahabad Bank, this was issued within a record time of 125 days. For what projects? Hotel and yarn projects. They gave a loan of Rs. 20 crores to M.S. Shoes for hotel and yarn projects to which this copany has no exposure! The whole thing was done in haste, at jet speed. I don't want to read out anything excet from the letter of the Reserve Bank of India. This is addressed to the Chairman and Managing Director of Allahabad Bank. Sir, I sent this letter to the Chairman on the basis of which this discussion is being held. So, I can quote from it freely. I quote:

> "A scrutiny conducted by us has revealed that the bank has not complied with the guidelines and

instructions issued by the Reserve Bank of India vide Circular, etc., dated 17th March, 1994."

This is the finding of the Reserve bank of India. What are the other findings? I have quoted some of them. Lastly, it says:

"Please also advise us of the action taken by the bank after fixing staff accountability for not ensuring the end-use of funds lent as bridge loan."

This letter was written on 29th May, 1995.

Today, it is 26th of August. May I know what action has been taken by the Finance Ministry? On the 30th May, it was a secret. But, now the Finance Ministry has admitted it. The reply of the Finance Ministry to Starred Question No. 139 dated 8th August was:

"As per the information provided by the RBI, a bridge loan of Rs. 150 crores was issued to M/s M.S. Shoes Ltd. It may be added that the Reserve Bank of India had called for explanation from banks/ FIs regarding deficiencies/irregularities observed in the sanction and utilisation of bridge loans to the bank"

So, Rs. 150 crores involved irregularities and deficiencies.

It further said:

"The replies received from the banks/FIs are being processed by the RBI and a decision regarding action against the banks/FIs involved, if any, would be taken by the RBI thereafter."

Sir, three months have passed. The RBI has given its findings. A prima facie case is there. The rail accident took place in Ferozabad. The Switchman was suspended. Is the inquiry over? Here it is prima facie case. The Reserve Bank of India says "These are the things which have happened." Irregularities have occurred, but not a single official of a bank has been booked so far. What is this? How is it a secret? On what basis is it a secret? if some money is given to some terrorists for buying guns, will such rules and regulations be applied? This is nothing. But a case of economic favoritism. It is an economic crime which has been perpetrated and it is protected.

There is another question. Here it has been accepted. It has not been contradicted. There was news item in the Asian Age of 17th June where it was alleged that so far as the Allahabad Bank was concerned, along with documents, a Note for Rs. 10 crores was placed before the Board for a bridge loan on the recommendation of the Industrial Finance Corporation's branch at Delhi. The Note was for Rs. 10 crores, but the approval was for Rs. 20 crores. How did it happen'. What was the Governments representative doing in the Bank? They are there in the Board. The Finance Ministry cannot say, "It is an autonomous bank and it is under the RBI. We have no responsibility. The RBI will take action and we will be a silent spectator." This is not acceptable. This is a repetition of what has already happened. We do not know how many such cases are happening in other banks. In spite of that, it is being said that it is a secret. The Finance Ministry is a silent spectator. It is the RBI who is looking into the explanations and they will take, action, if necessary, against the banks. Is it acceptable to the House? I would like to ask: What is the role of the Finance Ministry? Is only the RBI custodian of wealth? The RBI is only an authority. What for is the Finance Ministry here? I am not saying that you have to intervene in the day-to-day affairs.

A Member of Parliament comes to you along with the documents and everything and says that this is happening. Still your sleep is not disturbed. On top of it, you are trying to put it under the secrecy clause. I am telling this with a heavy heart. Earlier it was slated to be taken up as a Calling Attention Motion, but the

Finance Ministry raised some objections. They said that it was a secret matter and it could not be discussed. All the documents of the RBI were relased to the Press. All the documents were given to the Chairman. Still they were saying that it was secret.

On the 8th August, when I wanted to know whether any loan was issued for implementing hotel and yarn projects, the answer was, "it cannot be disclosed." What does it mean? I have disclosed it. I have disclosed the R.B.I. documents to the Press. I have disclosed the R.B.I. documents to the Finance Minister. Then, how is it still being totld to me that it is secret? This is the only purpose why, even when the hon. Finance Minister is not here, today, Mr. Vice-Chairman, Sir, I am taking up the issue. I will ask five or six pointed questions.

THE VICE-CHAIRMAN (SHRI V. NARAYANASAMY): Mr. Dipankar Mukherjee....

SHRI DIPANKAR MUKHERJEE: I think I have not taken 15 minutes.

THE VICE-CHAIRMAN (SHRI V. NARAYANASAMY): But much time isn't there.

SHRI DIPANKAR MUKHERJEE: How much time do you want to give me? I will summarise my questions.

THE VICE-CHAIRMAN (SHRI V. NARAYANASAMY): Okay. You put straight questions.

SHRI DIPANKAR MUKHERJEE: Okay. The first thing is secrecy. I think I have talked a lot about it. I will ask particularly with respect to one of the banks for which I have the documents. Before that, will the Government specifically tell me how much of these loans of Rs. 150 crores have become sticky?

....(*Interruptions*)..... Sticky; irrecoverable. Secondly, does not the R.B.I. regulations indicate that this is the repetition of the securities scam? thirdly,—and in this you will also be interested—the Allahabad Bank is a banker for the Tyre Corporation, a sick undertaking. A draft rehabilitation scheme has been given to the B.I.F.R. which is acceptable to the B.I.F.R.. For eight months, they have been asking for Government guarantee and putting so many conditionalities—what guarantee? What security? Were M/s M.S. Shoes Ltd. asked to fulfill the same conditionalities? Is it not discrimination? Is it not a fact that the Tyre Corporation were prepared to morgage assets worth Rs. 150 crores against an advance of Rs. 15 crores, for which the same bank did not agree also? What was the guarantee? what was the mortage given by M/s M.S. Shoes? I would like to know it. Thirdly, if the underwriters had undertaken to make good the shortfall of the subscribed issue, have they since paid the same? If not, then the irregularities were there, despite which the loan was given. Fourthly, were not the R.B.I. guidelines violated regarding bridge loans? Fifthly, is it not a fact that these non-performing advances will not be recoverable in future? Sixthly, and lastly, how did the money go to the stock brokers?

I hope now at least the hon. Finance Minister will give me a reply. Thank you.

THE VICE-CHAIRMAN (SHRI V. NARAYANASAMY): Thank you. The reply to this Half-an-Hour discussion will be given by the Finance Minister in the next session.

I. STATUTORY RESOLUTION SEEKING DISAPPROVAL OF THE SICK TEXTILE UNDERTAKINGS (NATIONALISATION) AMENDMENT ORDINANCE, 1995 (No. 7 OF 1995)

II. THE SICK TEXTILE UNDERTAKINGS (NATIONALISATION) AMENDMENT BILL, 1995

III. STATUTORY RESOLUTION SEEKING DISAPPROVAL OF THE TEXTILE UNDERTAKINGS (NATIONALISATION) ORDINANCE, 1995 (No. 6 OF 1995)